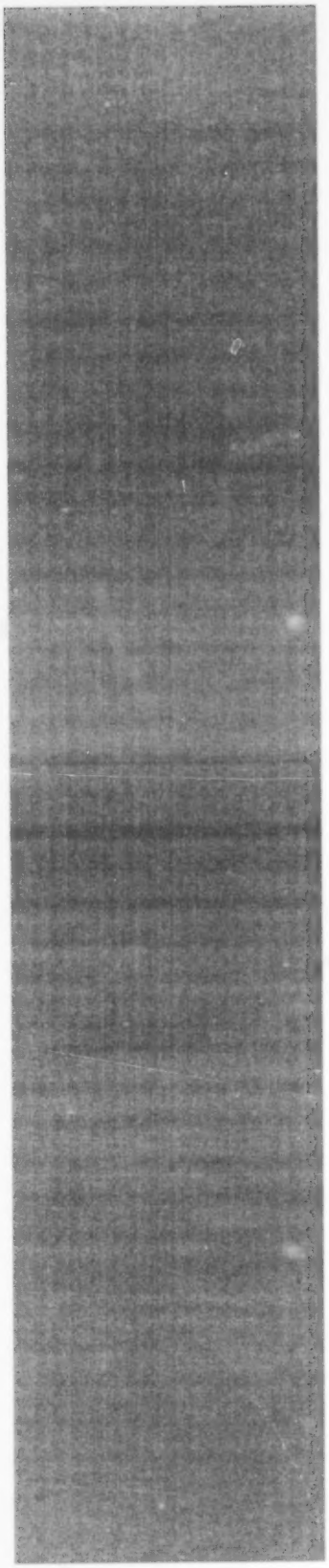

MetroWest II:
Focusing on the Future of Western Canada's Cities

Conference Report

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November 2002

Canada West
FOUNDATION

On October 3-4, 2002, the Canada West Foundation hosted a conference entitled *Metro West II: Focusing on the Future of Western Canada's Cities.* The conference was held in Winnipeg, Manitoba. Supporters of *MetroWest II* include the Canada West Foundation, Western Economic Diversification, the Policy Research Initiative, and the City of Winnipeg. This report is a summary of the proceedings of the conference, and was prepared by Canada West Foundation Senior Policy Analyst Casey G. Vander Ploeg. The opinions and ideas presented in this report were raised by various conference speakers and participants, and do not necessarily reflect those of the Canada West Foundation Board, Canada West Foundation members and contributors, or the other sponsoring organizations.

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BACKGROUND

On October 3 and 4, 2002, the Canada West Foundation hosted a conference entitled *MetroWest II, Focusing on the Future of Western Canada's Cities.* The conference was a sequel to an earlier event entitled *MetroWest I,* held in Calgary in Fall 2000. The first *MetroWest* event brought together 35 western Canadian individuals representing a broad range of academic, government, and private organizations and institutions interested in urban issues. The goal of *MetroWest I* was to bring together members of the urban policy community to assist the Canada West Foundation in developing a comprehensive research agenda on urban issues. The event was also employed to establish a western Canadian urban research network to further discussion on the many concerns affecting western Canada's large cities.

MetroWest II was intentionally designed to build off the success of the earlier *MetroWest I* event. Specifically, *MetroWest II* brought together 60 of western Canada's top urban practitioners to discuss key urban issues, framed by the Canada West Foundation's *Western Cities Project.* The conference provided participants with a unique forum to discuss and formulate ideas that address the concerns affecting Canada's cities, as well as developing approaches to keep Canada's urban agenda moving forward.

MetroWest II was held at the *Hotel Delta* in Winnipeg, and was a unique event that attracted a wide range of participants representing the federal, provincial and municipal governments, as well as the public policy and academic communities, and the private and non-profit sectors. (A complete list of *MetroWest II* participants is provided in Appendix 1). Not only was *MetroWest II* well attended, it drew significant interest from local as well as national media. The conference was financially supported by the Canada West Foundation, Western Economic Diversification, the Policy Research Initiative, and the City of Winnipeg.

"All participants [at MetroWest I] agreed that further workshops of this nature are needed in order to promote urban development research and to improve development of related policies and programs."

Report on the MetroWest I conference in the Winter 2001 edition of Western Landscapes, the Canada West Foundation's quarterly newsletter.

CONFERENCE THEMES

MetroWest II revolved around seven specific themes, several of which broadly reflect the ongoing urban research agenda of the Canada West Foundation. Throughout the day and a half conference, participants heard presentations and/or discussed issues related to the following topics:

- Challenges and Opportunities Facing 21st Century Cities
  (Two presentations, one question and answer session, three workgroup discussions)
- New Approaches to Urban Finances
  (Two presentations, one question and answer session, and two workgroup discussions)
- Promising Practices and the Urban Aboriginal Community
  (One workgroup discussion)
- Achieving Sustainable Urban Growth
  (Two workgroup discussions)
- Competing for Talented Human Capital
  (One workgroup discussion)
- Economic Development and Globally Competitive Cities
  (Three presentations)
- The Prospects and Potential of a Federal Urban Agenda
  (One presentation and a question and answer session)

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CONFERENCE FORMAT

In organizing *MetroWest II*, the Canada West Foundation sought to balance the presentation of research and expert opinions on current urban issues with the desire of participants to discuss those issues in-depth. Managing this balance is not an easy task, yet the conference was largely successful in employing a format equally split between presentations and panel discussions, small workgroup sessions, reports from the workgroups, and a variety of lunch and dinner speakers (see the agenda in Appendix 2).

- *Presentations and Panel Discussions:* Two plenaries were dedicated to presentations. The first plenary included presentations on the challenges and opportunities facing western cities, while the second plenary revolved around the challenges in urban finance and sustainable development. Following each set of presentations, participants were given the opportunity to ask questions and dialogue with the presenters.

- *Workgroup Sessions:* Immediately following the presentations, workgroup sessions comprised of about 10-15 people each were held to discuss the issues. Three different workgroup sessions were held. The first session followed the presentations on urban challenges and opportunities, and were attended by all participants. The second set of sessions addressed four topics, including urban finance, sustainable urban growth, urban aboriginal people, and attracting skilled human talent. Participants were invited to attend any two of the four sessions. All workgroups were chaired by Canada West Foundation staff to ensure that the discussion was open to the full range of ideas and options participants felt were relevant and wished to discuss. While each workgroup was presented with a list of questions to stimulate the discussion, participants were encouraged to identify and pursue their own priorities as well.

- *Reports from the Workgroups:* Prior to beginning their deliberations, each workgroup selected an official reporter to summarize the group's findings to the larger conference. Two plenary sessions were specifically reserved to hear these reports from the different workgroups. Following the reports, participants were provided with an opportunity to qualify the summaries and ask questions from the reporters for further clarification.

- *Lunch and Dinner Speakers:* To ensure that participants maximized their opportunity to hear and dialogue with experts on the issues over the day and a half event, *MetroWest II* organizers arranged for a series of speakers to address the conference during lunch and dinner breaks. The topics included economic development, globally competitive cities, and the potential for a federal role in urban affairs.

"While recognizing the needs of major metropolitan centres is essential, addressing how those needs might best be met is a complex task. It is our hope that MetroWest II can advance this discussion, and do so in a way that contributes positively to the regional and national debate."

Canada West Foundation letter inviting participants to the MetroWest II Conference

FINAL REPORT

This report presents a summation of the proceedings that took place in Winnipeg during *MetroWest II*. The report presents a brief summary of each presentation that was given, based both upon the written copy provided by each presenter and the detailed notes taken by Canada West Foundation staff. A synopsis of the workgroup discussions is also included, based primarily upon the summaries given by the different workgroup reporters at various plenary sessions.

PRESENTATIONS: Opening Remarks

DR. ROGER GIBBINS, PRESIDENT AND CEO, CANADA WEST FOUNDATION

In his opening address, CWF President and CEO Roger Gibbins reflected on happenings since the first *MetroWest* event in November 2000. There has been explosive growth in the interest shown to Canada's urban agenda, as evidenced by the creation of the *Prime Minister's Caucus Task Force on Urban Issues*, the formulation of the C-5 Group of big city mayors, the myriad research from think tanks across the country, and the importance attached to urban issues in the recent Speech from the Throne opening the Fall 2002 session of Parliament. As the national discussion over Canada's urban centres has progressed, a consensus has emerged on the particular problems that need to be addressed, whether that be finance issues and infrastructure, to revamping provincial municipal legislation and appropriately engaging the federal government. Dr. Gibbins mentioned that participants were entering a very exciting policy space, and as the organizer of *MetroWest II*, the Canada West Foundation was eagerly anticipating the results of the discussion.

"The 2001 Census underscores the fact that Canada has become an urban country – an emphatically urban country."

Dr. Roger Gibbins, President and CEO, Canada West Foundation

GAIL STEPHENS, CHIEF ADMINISTRATIVE OFFICER (CAO), CITY OF WINNIPEG

Gail Stephens brought greetings on behalf of Winnipeg Mayor Glen Murray, adding that the City was proud to serve as the location of the conference as well as providing financial sponsorship. Ms. Stephens said that Winnipeg appreciates the efforts of Canada West in keeping the needs and aspirations of western Canada's cities at the top of the political and economic agenda. The Foundation's role in furnishing research and information has helped to frame the critical questions that desperately need answers. Ms. Stephens told participants that it was her hope that *MetroWest II* would act not only as a forum for the airing of questions and issues confronting the different cities across western Canada, but that the discussion would yield new ideas and innovative approaches to meeting those challenges. As one example of a new approach, Ms. Stephens highlighted aspects of the new City of Winnipeg Charter, which has opened a new chapter in the relationship between the city and the province.

"The subjects for discussion at this conference certainly resonate with us at the City of Winnipeg. How do we fund our cities? How do we increase our competitiveness? What kind of partnerships do we need to build and make our cities more effective? These are all questions that we have been giving close consideration."

Ms. Gail Stephens, Chief Administrative Officer, City of Winnipeg

HONOURABLE STEPHEN OWEN, SECRETARY OF STATE (WESTERN ECONOMIC DEVELOPMENT AND INDIAN AFFAIRS AND NORTHERN DEVELOPMENT)

While the Honourable Stephen Owen was unable to attend *MetroWest II* due to previous commitments, he did send best wishes to participants for a successful conference, adding that he looked forward to hearing the results of the deliberations. Minister Owen pointed to experience worldwide, which has demonstrated that successful economic development in urban centres requires collaborative efforts of many stakeholders, including all levels of government. He was pleased that the Canada West Foundation had organized the conference and that it also attracted representatives from so many organizations. Minister Owen concluded by saying that Western Economic Diversification was pleased to assist the Foundation in sponsoring *MetroWest II* as well as supporting, in various ways, the significant work being conducted under the Foundation's *Western Cities Project*.

Gail Stephens brought greetings from Mayor Glen Murray as she welcomed MetroWest II participants to Winnipeg.

PRESENTATIONS:
Challenges and Opportunities for 21st Century Cities

JIM KNIGHT, Chief Executive Officer (CEO), Federation of Canadian Municipalities

Jim Knight told delegates it is no surprise that urban issues are now figuring so prominently on the national agenda. The issues confronting Canada's cities are being driven by powerful economic, social, and environmental considerations. For example, economic growth is now driven disproportionately by a new "creative class" of knowledge workers who settle in large urban areas, and who are discerning critics of quality of place, both the man-made environment and the natural environment. In today's economy, quality of place is a necessary prerequisite for competitiveness.

Jim Knight stressed Canada's need for well-funded cities and the potential of tripartite models to tackle tough urban issues such as badly needed infrastructure.

At the same time, Canadian cities are struggling with enhancing the quality of life they offer, whether that be problems with air quality or traffic gridlock. To meet the challenge, Mr. Knight put forward several strategies. He argued that cities must be both legislatively and fiscally empowered with access to new revenue sources. He also argued for an expansion of the tripartite model of intergovernmental cooperation to help cities turn a growing urban Aboriginal population into a source of strength for the labour market. Increased collaboration between all three orders of government is also necessary to attract and retain immigrants and address a shortage of affordable housing.

Mr. Knight concluded by adding that the federal government is showing increased interest in the needs and potential of Canada's cities, and this is a very positive development. Two immediate steps that could be undertaken include increasing the GST rebate to cities to 100%, and removing the excise fuel tax on fuels used for urban transit systems.

"The federal government has the money, the provincial governments have the constitutional authority, and the cities have the problems."

Mr. Jim Knight, Chief Executive Officer, Federation of Canadian Municipalities

DR. LOLEEN BERDAHL, Director of Research, Canada West Foundation

Dr. Berdahl stated that there is tremendous political will, interest, and opportunity to address the policy concerns facing western Canada's cities. Two concerns of importance at this stage in the debate are related to intergovernmental structures. First, there is a lack of communication between the three orders of government on urban issues, largely resulting from a lack of a municipal voice in provincial and federal policy-making. This structural deficiency needs to be addressed since many federal and provincial decisions impact directly on the cities. The challenge is to create formal and regularized consultative mechanisms at both the provincial and federal levels. One problem, however, is arriving at an answer to the question of "who speaks for the cities?" Cities, argued Dr. Berdahl, need to identify practical and acceptable options for consultation, as well as who will participate on behalf of the cities, and then bring these options forward. Second, federal and provincial governments need to realize that cities lack the tools to pick up responsibilities that are down-loaded or off-loaded. For their part, municipal governments should be very cautious in engaging in policy areas beyond their core responsibilities. The solution to cities' financial problems is not a short-term infusion of cash, but a realignment of responsibilities and fiscal capacity.

"Cities are clearly now on the political agenda, both federally and in many provinces. This position on the political agenda, in my mind, simultaneously represents the greatest opportunity and the greatest challenge of our cities ... the challenge is to take this window of opportunity and use it wisely – to use the window to get the hard work done."

Dr. Loleen Berdahl, Director of Research, Canada West Foundation

DINNER PRESENTATION: A Federal Urban Agenda

Judy Sgro commented on the findings of the Prime Minister's Caucus Task Force on Urban Issues.

JUDY SGRO, MP, CHAIR, PRIME MINISTER'S CAUCUS TASK FORCE ON URBAN ISSUES

Judy Sgro, chair of the *Prime Minister's Caucus Task Force on Urban Issues*, served as the keynote speaker at the *MetroWest II* dinner. Ms. Sgro provided delegates with background on the Task Force, which is an extension of the first national infrastructure program in 1993. The creation of the Task Force combined with the recent Speech From the Throne, indicates that the federal government has begun to recognize the importance of the urban agenda and that cities indeed are the economic engines of the country, said Ms. Sgro.

"There appears to be an enormous recognition that our urban areas are the economic engine, but they are in trouble."

Ms. Judy Sgro, M.P., Chair of the Prime Minister's Caucus Task Force on Urban Issues

For the Task Force, which held eight roundtable sessions and met with over 700 individuals and organizations in western Canada, the overarching issue is the quality of life in our large cities and its relationship to maintaining and increasing Canada's economic competitiveness.

The work of the Task Force indicates that urban concerns in the West are very much the same concerns being expressed in the rest of Canada, and include traffic gridlock, affordable housing, attracting, retaining, and settling immigrants, and aging and deteriorating infrastructure. The main elements of the urban strategy that will emerge will address transit and transportation, affordable housing, and infrastructure. In terms of infrastructure alone, the required investment is upwards of $40 billion dollars, and Ms. Sgro agreed that this amount simply could not come out of the property tax base of cities – all three levels of government will have to work together to meet the challenge of infrastructure. As part of this process, the Throne Speech has committed the federal government to a ten year capital infrastructure program.

"Politicians respond to pressure. And, it is imperative that the urban agenda stay hot ... it's imperative that we keep the pressure up, keep the issue up front ... we have to keep pushing Ottawa."

Ms. Judy Sgro, M.P., Chair of the Prime Minister's Caucus Task Force on Urban Issues

In terms of enhancing the federal role in urban affairs, Ms. Sgro said that the federal government is interested in workable programs that will be national in scope but regional in application. In other words, federal engagement will be built around a common objective but will respect jurisdictions. The federal role is to act as a catalyst and facilitator, focusing on broad objectives rather than details. In closing, she added that Canada is at a crucial turning point, and if urban needs and concerns are not addressed in a meaningful way, there are good reasons to fear for the future of the country.

MetroWest II participants concluded their first day of deliberations by discussing with Judy Sgro the potential of a renewed federal role in urban affairs.

PRESENTATIONS:
Funding our Cities

The critical importance of maintaining accountability tips the scales in favour of increased taxing authority as opposed to expanded grants, argued Derek Burleton.

DEREK BURLETON, SENIOR ECONOMIST, TD BANK FINANCIAL GROUP

Concern over the rate of economic growth in Canada and the expanding role of cities in promoting new growth prompted the TD Bank Financial Group to become involved in urban issues by releasing a research study on urban finances in Spring 2002. If Canada's social programs are to be protected, argued TD Bank Senior Economist Derek Burleton, it is imperative that incomes and living standards rise. This requires a new approach to funding Canada's cities, because they are the source of economic growth and are now facing considerable challenges such as infrastructure shortcomings, lack of social housing, insufficient revenue sources, and continued pressure on their operating budgets. Mr. Burleton argued that the property tax provides stable but not steadily growing revenue. He suggested that cities reform the property tax system, expand user fees, and ensure that fees cover the actual cost of services.

"What brought TD into this [debate]? There is a consensus that things in Canada are not bad, but there are concerns it is fraying at the edges."

Mr. Derek Burleton, Senior Economist, TD Bank Financial Group

Improved land planning, engaging the private sector in delivering services, and providing cities with the freedom to innovate with service delivery would also be helpful. For their part, the provinces and federal government could exempt cities from sales taxes, which really amounts to a revenue transfer from the cities to these two levels of government. Increasing grants to cities presents problems with reliability and accountability. As such, a better option is for the provinces and the federal government to cede tax room and allow cities more taxing authority. This would provide cities with increased fiscal capacity, but not at the expense of an increase in overall taxation.

ENID SLACK, PRESIDENT, ENID SLACK CONSULTING INC.

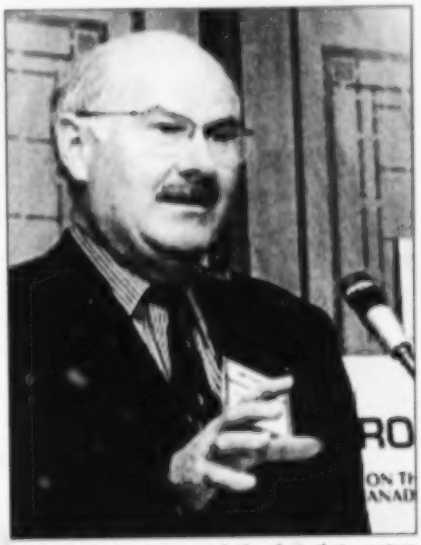
Dr. Slack dispelled five myths about urban finances. First, it is not necessarily true that U.S. cities receive more support from other governments than Canadian cities. Federal and provincial health care dollars, for example, are spent in the cities and this provides them with a competitive advantage. Further, many U.S. cities have deep problems that require more investment. Second, the role of the federal government is not to solve the municipal fiscal crisis. Because cities fall under the provinces, it is the provinces that need to realign municipal expenditure responsibilities and address the question of revenue-raising powers. At the same time, Ottawa could make a significant contribution if it were to commit to consulting regularly with cities on policies that affect them. Third, the property tax is not a bad tax that needs to be replaced. It is visible, accountable, and a reasonable proxy for benefits received. At the same time, it should be improved by removing distortions and relating the taxes paid to the benefits received. Cities should also ensure that their tax policies compliment other objectives, such as controlling urban sprawl. At the same time, the property tax is being asked to do much, particularly funding services that redistribute income. As such, there is an argument for new taxes to supplement the property tax. But a fourth myth is that cities should not set the rates for these new taxes. Locally determined tax rates are necessary to ensure accountability. Finally, municipalities should not all be treated the same, which "thins out" resources and fails to focus on big city problems. For example, large cities could levy other taxes while smaller towns could rely on grants.

"The federal government should do more than give money. It needs to ensure that its policies that affect cities do so in a way that is consistent with city priorities – this means consulting with cities on a regular basis. Provincial governments need to reconsider the alignment of expenditure responsibilities and revenue-raising powers of cities. This means either taking back some responsibilities or allowing cities to levy other taxes."

Dr. Enid Slack, President, Enid Slack Consulting Inc.

MICHAEL HARCOURT, CHAIR OF THE URBAN SUSTAINABILITY PROGRAM, NRTEE, AND FORMER BC PREMIER

The sheer pace and scope of urbanization raise fundamental questions about our capacity to build sustainable cities and address a rapidly growing list of urban concerns including everything from transportation and water management to energy and affordable housing. If present trends continue, argued Mr. Harcourt, all the side effects of urban crowding and congestion will become an everyday reality for a large proportion of Canadians, as well as their fellow global citizens.



Michael Harcourt stressed the fact that western Canadian cities have emerged as leaders in the drive toward sustainable urban growth.

The *Urban Sustainability Task Force*, a multi-stakeholder group that includes business people, environmental representatives, academics, and First Nations, was appointed by the Prime Minister to explore the issue of sustainability within the context of balancing economic growth and environmental improvement. Mr. Harcourt stated that cities are the logical place to start when considering sustainable growth, especially given the current debate over the Kyoto Protocol.

As a former mayor of Vancouver, Mr. Harcourt admitted he would be the last to argue against increased federal and provincial dollars for cities and city infrastructure, but added that there is no guarantee that increased funding on urban regeneration can offset the powerful trends that currently encourage sprawl and degrade urban environments. As such, the *Round Table on the Environment and the Economy* is exploring ecological fiscal reforms – how markets can be mobilized and government incentives employed to build more sustainable cities.

"For some time, we've been concerned about an 'urban tsunami' that threatens to overwhelm the great cities of Canada and the world if left unchecked ... the numbers alone are overwhelming – over the next 25 years, nearly two-thirds of the world's population will live in cities..."

Mr. Michael Harcourt, Chair of the Urban Sustainability Program, National Round Table on the Environment and the Economy

The challenges of building economically strong and sustainable cities is daunting. However, the good news is that western Canadian cities are very much at the forefront of the issue. The *Light Rail Transit (LRT)* system in Calgary, for example, is the first North American wind-powered public transit service, and the City of Edmonton is an international leader in solid waste management, now diverting more than 50% of the waste that used to be disposed of in landfills.

The City of Vancouver is one of nine cities in eight countries that has been short-listed in the *International Sustainable Urban Systems Design Competition*. Taken together, cities in Canada may have a long way to go, but Mr. Harcourt argued that the concepts and creativity needed to achieve highly sustainable cities do exist. As the issue continues to gain currency, it is western Canadian cities that will show the rest of Canada how to proceed. In the future, western Canada's cities could benefit by exporting their knowledge around the world.

Derek Burleton looks on while Dr. Enid Slack responds to questions from the floor concerning her presentation at MetroWest II.

LUNCHEON PRESENTATIONS: Economic Development and Global Competitiveness

GREG DANDEWICH, ACTING PRESIDENT AND CEO, ECONOMIC DEVELOPMENT WINNIPEG

Greg Dandewich echoed the sentiment that western Canada's long-term economic performance is reliant on the fortunes of our cities. Cities are the focus of workforce development and post-secondary training, and also contain the diverse and highly-skilled workers necessary for economic success. But, drastic changes are needed if Canada is to realize the potential of its cities. For example, Winnipeg generated $72 billion in taxes in 2000, but only kept 6% of that amount. In light of the reinvestment needed to upgrade infrastructure, cities are not in a financial position to deliver the fix. Mr. Dandewich argued for creative solutions rather than just more infrastructure grants. Cities need increased authority and autonomy, a more flexible revenue-generating framework, and the ability to create effective public-private partnerships to address current concerns. The new City of Winnipeg Charter is a step in the right direction. The hope is that this new framework will allow Winnipeg to build on several important initiatives that continue the drive for the competitive edge. Examples include the CentreVentre Development Corporation that is nurturing a climate of cooperation between investors, businesses, renters, and all levels of government to revitalize the downtown.

"In 2001, the combined total GDP of all CMAs accounted for $628 billion. This represents 61.4% of the national GDP ... cities provide leadership and a focal point for the economy. In fact, the long-term competitiveness and performance of the country's economy is reliant on the fortune of cities..."

Mr. Greg Dandewich, Acting President and CEO, Economic Development Winnipeg

Dale Botting highlighted for MetroWest II delegates the ways in which local economic development strategies have changed.

KLAUS THIESSEN, KLAUS THIESSEN AND ASSOCIATES

Klaus Thiessen outlined a number of principles that need to be included in any successful economic development strategy. Economic development plans should be collaborative in nature and cross geographical and functional boundaries. They must also be flexible enough to adjust to changing circumstances. Successful economic development strategies have a strong research base and reflect economic realities – what is "doable." The best plans also focus on results, and keep issues of process to a minimum. In terms of implementation, access to a strategic network and the building and maintaining of relationships is critical. An understanding of a region's mindset and prevailing perceptions is key to success. A clearly articulated and widely accepted vision is also needed. Above all, any plan must include an element that provides ways to identify, nurture, and support leaders and strategic champions, while at the same time avoiding the urge to engage in "turf" protection.

"The ability to build and maintain relationships is absolutely critical. There is no room for turf protectionism..."

Mr. Klaus Thiessen, Klaus Thiessen and Associates

DALE BOTTING, CHIEF EXECUTIVE OFFICER, SASKATOON REGIONAL ECONOMIC DEVELOPMENT AUTHORITY

Dale Botting advised delegates on the ways that economic development has changed. In the past, economic development was largely seen as chasing business, but today's economic development stresses the importance of a targeted approach and bringing people together to share information on procurement opportunities, workforce training, and ways to enhance business productivity. The intent is to attract investment and business development by building from within. Mr. Botting provided several examples of strategies that seem to be working on the ground. For example, people in the Saskatoon community with German ancestry are being encouraged to act as ambassadors and help develop possible development leads. Another approach is to realize the strengths that lie just outside the door, such as building in Saskatoon the Canadian version of the "medical alley" that now exists in Minneapolis-St. Paul. The idea of family attraction programs is another recent development. In order to attract active and talented people, the needs of spouses must be accommodated since they can be a significant factor in any decision to relocate.

"Yogi Bera said 'the future ain't what it used to be.' Economic developers used to be industrial commissioners – chasing business. That was [like] driving down the fairway. Now its chipping and putting – the most important part of the game ... Economic development ain't what it used to be."

Mr. Dale Botting, Chief Executive Officer, Saskatoon Regional Economic Development Authority

METRO WEST II:
Synopsis of the Workgroup Discussions

A brief glance at the workgroup summaries (see Appendix 3) demonstrate two particular features of the western Canadian urban agenda. First, it is evident that participants at *MetroWest II* shared highly similar views on the primary challenges facing western Canadian cities, from the state of local government finances to questions of urban sustainability and current population growth patterns. But while the same broad concerns appear to run across the western urban scene, differences were evident. For example, participants often reported distinct local nuances, and it was clear that the priority of each issue varies across cities. Second, while there was general agreement on the broader urban concerns shared by cities across the region, there appeared to be less consensus on the approaches that should be taken to address those concerns. To be sure, this was not always the case – strong agreement did emerge at several points. Where consensus remained elusive, *MetroWest II* participants filled the gap by engaging in a vigorous exchange on the potential of various options. In short, there was no lack of ideas put on the table at *MetroWest II*.

THEME #1: Challenges and Opportunities

- *Urban finance:* Every working group mentioned that the current fiscal situation facing western cities is a key challenge, and many participants felt the issue is arguably the top priority on the western urban agenda. The concern is particularly acute as it relates to much needed infrastructure, whether that be maintaining existing systems or investing in new infrastructure.

- *Revisiting the role of local government:* Every workshop group discussed the role of local government, and each concluded that clarification of the specific responsibilities of municipal government is needed. While there was not complete agreement, many felt that cities need to maintain a focus on their more traditional and core competencies, and avoid entangling themselves in social policy areas. At the same time, it was recognized that this is "easier said than done." The priority then, is to convince the federal and provincial governments to address the broader social issues. The rationale provided is that cities simply cannot handle these issues effectively given the resources at their disposal, yet the cities are the ones most affected if the concerns are not meaningfully addressed.

- *Framing the current discussion:* An interesting challenge identified by one workgroup was the need for urban practitioners and researchers to use caution with the language they employ when discussing urban issues. For example, the federal and provincial governments are often referred to as "senior" governments. This implies that the concerns they face are "more important", and further, the term is not necessarily accurate. Cities have a longer political history and are closer to the constituents they serve, and are arguably "senior" governments in their own right. Employing the right terminology can have a powerful effect in framing the broader public debate.

- *Other challenges:* Numerous other challenges were also mentioned, but were not necessarily shared among the different workgroups. Examples of these challenges include achieving sustainable urban development and growth, addressing the concerns of the urban environment, and the need for cities to work collaboratively to present a common front on the issues they face.

- *Positive examples to which western cities can turn:* Participants were also asked to identify cities that have met similar challenges, and to discuss what lessons could be learned. Numerous examples were mentioned, including Pittsburgh's *Regional Asset District* (which develops infrastructure across a city-region) to Hamilton's *20/20 Growth Strategy* and the Greater Vancouver Regional District's *Livable Region Strategy*.

"Often, the cause of broader issues facing municipal governments is not the responsibility of municipalities. But they have to deal with the outcome."

Ms. Angie Gélinas reporting on a workgroup session discussing the challenges and opportunities facing western Canada's cities

THEME #2: Urban Finance

- *New municipal taxing authority:* While support was sometimes qualified and it emerged with varying degrees of conviction, most participants attending the workgroup sessions on urban finance agreed that new taxing authority at the municipal level is both desirable and warranted. It was generally agreed that the property tax, the only major tax available to the cities, is being asked to do too much. Property taxation alone cannot fund desperately needed infrastructure, it is ill-suited to addressing the social issues that are landing on the doorstep of city hall, and it has limited revenue-generating capacity. Some argued that cities must at the same time use the property tax more effectively by tying it closer to the costs of servicing different properties. Other participants argued that new taxing authority is not a panacea, and cities need to continue striving for efficiencies in service delivery.

- *Possible new tax levers:* Participants discussed a wide range of potential new municipal taxes. The ones that seemed to offer the most promise and provide the best fit locally included fuel taxes, motor vehicle registration taxes, lodging taxes, a broad-based local retail sales tax, real estate transfer taxes, road tolls, and taxes on tobacco, liquor, and gambling activities.

- *A new tax regime should further other policy objectives:* Both workgroups argued that a new municipal tax regime should do more than simply offer better revenue-generating capacity. Tax policy, when properly constructed, can also achieve other policy objectives such as environmental protection and more sustainable development. For example, differentiated motor vehicle registration taxes could be used as an incentive for people to drive more fuel efficient vehicles, while road tolls would make public transit more appealing.

- *Other Options:* Several participants advanced other options as well, including the use of dedicated taxes and user fees for capital improvements, increased use of regionalized service delivery, increasing efficiencies in service delivery, and having cities across the West cooperating to develop world class facilities based on strategic and inherent advantages. For example, one city in the West could build a state-of-the-art convention centre serving the entire region, while another city develops a world-class international airport serving the entire region. As one participant put it, "each city in the West should have something, but not necessarily everything."

- *Strategies to implement new taxation authority:* Participants struggled with the question of how new taxing authority could be pursued and eventually implemented. At the same time, there was general agreement on some elements of a strategy. First, it is clear that a compelling case must be advanced since any change is dependent on provincial approval. Second, most participants were aware that a key restraint is ensuring that any tax reform process be revenue neutral in the short-term. However, some participants disagreed, arguing

"There must be a relationship between the services provided and the tax tools available. When speaking with the provinces, cities need to challenge the mindset that everything can be dealt with through the property tax."

Mr. Calvin Hanselmann reporting on a workgroup session discussing urban finance issues

At MetroWest II, every workgroup reported back to the larger plenary session on the results of their discussions.

that the issue is not a "zero-sum" game. In terms of options, participants discussed the merits of the federal government transferring tax points to the provinces, which in turn would transfer them to the municipalities. Another option was cities cutting their property taxes and negotiating for new taxing authority with the provinces. Another idea was to eliminate grants and replace them with expanded taxing authority or more comprehensive tax-sharing. While no clear consensus emerged, some participants suggested "starting small" rather than drawing up a comprehensive tax reform agenda.

- *Cities must take the initiative:* Several participants suggested that it is the cities themselves that must develop a compelling rationale for municipal tax reform and drive the process for change. Cities need to draft an action plan that is attractive to the provinces as well as the taxpayers. Without support from both, tax reform cannot move forward.

THEME #3: The Urban Aboriginal Community

- *Several principles guide an effective urban Aboriginal strategy:* Participants noted that arrangements between governments and the urban Aboriginal community must be marked by a high degree of trust, with a continual focus on increasing and enhancing that trust as relationships proceed. Solutions to problems facing the urban Aboriginal community also need to be geared toward promoting inclusiveness, and cities need to be the first to "reach out" to the Aboriginal community.

Allan Wallace reported on the results of a workgroup discussion on promising practices and the urban Aboriginal community

- *There are several specific issues that need attention:* In terms of specific urban Aboriginal needs, participants felt that education, labour force training, affordable housing, and child care were the most pressing concerns facing the community.

- *Many strategies and programs are underway in the various cities and provinces:* Successes have been registered in many jurisdictions across the West, and while they do offer lessons, local circumstances can limit their applicability. The group identified and discussed several initiatives in the provinces of Manitoba, Saskatchewan, and British Columbia that are making progress on issues related to urban Aboriginal needs with respect to child care and education. At the same time, the workgroup reported that the urban Aboriginal community is far from homogeneous and needs can differ from city to city. The potential success of any initiative depends on the specifics of the local context.

"The need is in the streets, but the money just doesn't get to the streets."

Mr. Dale Botting reporting on a workgroup session discussing the challenges and opportunities facing Western cities

- *Developing solid partnerships with the Aboriginal community is key to success and moving forward:* Participants reported that developing effective partnerships with local Aboriginal institutions and organizations is key to building effective solutions. Aboriginal leadership is needed in designing programs and policies affecting the Aboriginal community. Further, any initiatives should envision the day when Aboriginals themselves can take the lead, assuming both the ownership and responsibility for continuing the programs in the future.

THEME #4: Sustainable Urban Growth

- *Definitions of sustainability vary:* Both workgroups acknowledged that sustainability means different things to different cities. For example, sprawl might be viewed as a huge environmental issue for one city, but be seen as less problematic in other cities. Participants spent time defining and interpreting what constitutes sustainable urban growth and development. Broadly speaking, the notion was advanced that sustainability hits on the long-term environmental health of a city as well as its fiscal capacity, and the need for long-term planning that will leave a city in the "same or better position" well into the future.

- *Changing prevailing attitudes remains the most significant challenge:* Both workgroups expressed the view that citizen attitudes and lifestyles, coupled with their choices, are largely responsible for sustainability issues such as urban sprawl. Getting past these attitudes remains a significant barrier. For example, most citizens do not see urban sprawl as an issue, and the automobile continues to win out over public transit. Not only does this hurt cities financially, it leads to environmental degradation.

- *Addressing issues of sustainability at a regional level is also a significant challenge:* Both workgroups acknowledged that addressing questions of sustainability across a city-region is desirable, but lamented the lack of institutional capacity at the regional level to facilitate meaningful action. For one group, developing organizational bodies at a regional level to build partnerships and address sustainability was a top priority, while the other work group questioned whether the issues could even be addressed institutionally. The second workgroup opted for a focus on economic as well as tax-based incentives and disincentives as a way to promote more environmentally-friendly and sustainable cities.

- *There are also other sustainability challenges:* The lack of political will to address sustainability as a broad policy issue, the lack of incentives and disincentives at the municipal level to encourage more sustainable choices by citizens, and the inability of cities to effectively implement long term urban development plans remain significant concerns. The surrounding physical environment, especially readily available and inexpensive land, can constitute a significant barrier to achieving denser and more sustainable cities.

Richard Pauls, a delegate from Calgary, reports to the plenary on a workgroup session addressing the question of sustainable urban growth.

- *Using the right incentives to reward sustainable choices is essential:* Both groups mentioned that citizens need to be informed about the very real costs associated with the choices they make. One group offered the idea that sustainability needs to be "blue-boxed" – made as popular as current recycling programs. However, both groups felt that the best method of informing citizens about the impact of their choices was to use economic and tax-based incentives to reward sustainable choices, and similar disincentives to punish behaviours that undermine sustainability. Two examples include making public transit passes tax deductible and discouraging companies from offering free parking for employees.

"People just don't link the choices they make with the costs of their choice ... we need tools – incentives and disincentives – to help us understand the costs of the choices we make."

Mr. Richard Pauls reporting on a workgroup session discussing sustainable urban growth

- *All governments have a role to play in urban sustainability:* For their part, cities need to continually learn from the experiences of other cities in meeting sustainability objectives. Urban development plans need to include incentives and long-term measurable objectives for such things as more dense development. Cities need to balance growth in the suburbs with that of the inner city – urban sprawl impacts a city's financial sustainability by increasing the costs of services. Cities and other municipalities across a city-region also need to find ways to better cooperate. Regionally-based frameworks that facilitate future partnerships are necessary if cities are to continue making headway on sustainability. For their part, the federal government could provide leadership by helping coordinate and fund regional efforts to achieve sustainability. An idea suggested by one workgroup was employing federal and provincial grants to give cities more flexibility to address sustainability, and even using grant funding as a way to reward cities that are making progress.

THEME #5: Competing for Talented Human Capital

- *Perceptions about a city remain the most significant barrier:* Cities that are perceived as offering few economic opportunities or fulfilling careers will find it difficult to attract skilled talent, even if the perception does not correspond to the reality. Both external and internal perceptions are relevant, since retaining talent is just as important as attracting new talent. As such, the focus must be on reversing negative perceptions and strengthening positive perceptions, as well as concentrating on developing a good cross-section of job options.

Ideas were never in short supply, whether participants were discussing the needs of the urban Aboriginal community or attracting skilled human capital.

- *A successful strategy for attracting talent involves several features:* The young and educated, along with skilled immigrants and foreign students, remain the primary sources of talent in today's economy. As such, cities need to focus on developing a vibrant and stimulating local culture to attract youth, and continue pressing for better ways of attracting and settling immigrants. Accreditation of foreign credentials for highly skilled immigrants continues to be an issue. Provincial and federal governments, along with independent accrediting bodies, need to smooth the way for immigrants to work in their field of expertise. In addition, strategies must include an element to attract not just skilled talent, but their family as well. Decisions whether to stay in a city or relocate is based, in part, on spousal and family factors.

"[In our discussions] the issue of perceptions came up again and again ... a city must not be seen as a community going downhill."

Mr. Joe Masi reporting on a workgroup session discussing ways to attract and retain skilled human talent.

- *Reducing inter-city competition within the West is a key objective:* Participants were clear that excessive competition between cities in attracting skilled human capital can result in a "beggar thy neighbour" situation, where economically vibrant cities continue to progress, sometimes at the expense of cities that are struggling. Multi-city efforts and joint development initiatives can be used to avoid destructive competition, allowing all cities across the region to strengthen the West as a whole. Participants urged the creation of stronger linkages and more collaborative efforts with regards to economic development. A specific idea to facilitate joint efforts was the creation of an ongoing regional economic development forum to identify opportunities and stimulate cooperative efforts.

METRO WEST II: Concluding Remarks

DR. ROGER GIBBINS, PRESIDENT AND CEO, CANADA WEST FOUNDATION

Dr. Roger Gibbins provided a wrap-up of the *MetroWest II* conference by sharing his initial perceptions of the main themes and ideas that emerged. First, it is clear that the urban agenda is "very hot." There are striking similarities between western Canadian cities with respect to the urban scene, but there are also differences. This theme ran throughout the *MetroWest II* conference as well. For example, while delegates demonstrated a tremendous degree of alignment and consensus on the problems and challenges facing western Canadian cities, there was less agreement on the appropriateness, viability, and workability of potential solutions. That situation, said Dr. Gibbins, is no big surprise as the urban debate has only begun in Canada. As the national discussion moves forward, a more clear direction will begin to emerge.

Second, there seems to be a broad consensus emerging for a federal role in tackling the tough issues with which cities are struggling, but again, there is uncertainty about what that role might be. While most delegates recognized that a federal presence must equate to more than just money, and others argued for more regular consultation between the three levels of government, questions about how to build an ongoing and effective relationship remain.

Third, Dr. Gibbins suggested that there is a broad intellectual argument that has been built with regards to the economic importance of Canada's large cities, and this argument makes sense to those who are intimately involved in the urban political and economic scene. At the same time, it seems very difficult to inject this argument into the broader public debate. For example, the name Florida means one thing to urban practitioners – Dr. Richard Florida's new book *The Rise of the Creative Class* – which speaks to the importance of diversity in cities as a way to attract today's sought after knowledge-workers. To most other people, Florida simply remains a popular U.S. holiday destination.

Roger Gibbins, CWF President and CEO, pulled together the results of the day and a half discussion at the final plenary session of MetroWest II.

Over the long-term, it appears that the institutional and fiscal situations facing governments in Canada are not aligned with the realities of today. At some fundamental level, argued Dr. Gibbins, Canadians will have to pursue changes that more closely reflect the society we have become – an urban society.

But the process of fundamental change – whether political or economic – is never easy. This is especially the case when talking of cities. Urban centres are the oldest form of settlement and have demonstrated a remarkable longevity. At the same time, cities are very difficult things to manage and change. It is simply unrealistic to assume that one can turn around an issue like urban sprawl over night, even knowing the ramifications that sprawl has on a city's finances and the long-term sustainability of a large city-region. As such, it is imperative to continue broad-based research into the means of facilitating change and building a consensus on new directions for urban public policy.

"Our discussion has shown that the urban agenda is alive and well. But a consensus on the problems is very different than a consensus on the solutions ... urban centres are the oldest form of human settlement. But cities, despite their longevity, are most difficult things to manage and change."

Dr. Roger Gibbins, President and CEO, Canada West Foundation

APPENDIX 1: Conference Participants

Azmier, Jason, *Senior Policy Analyst, Canada West Foundation,* Calgary, AB

Berdahl, Loleen, *Director of Research, Canada West Foundation,* Calgary, AB

Blanchette, Claude, *Director, Task Force on Cities, Privy Council Office,* Ottawa, ON

Botting, Dale, *Chief Executive Officer, Saskatoon Regional Economic Development Authority,* Saskatoon, SK

Briese, Stuart, *President, Association of Manitoba Municipalities,* Portage la Prairie, MB

Burleton, Derek, *Senior Economist, TD Bank Financial Group,* Toronto, ON

Cragg, Eric, *Economist, Transport Canada,* Ottawa, ON

Dandewich, Greg, *Acting President & CEO, Economic Development Winnipeg,* Winnipeg MB

Davidson, Laurie, *Executive Director, Municipal Finance and Advisory Service, Manitoba Intergovernmental Affairs,* Winnipeg, MB

Desjarlais, Penny, *Coordinator, Urban Aboriginal Strategy, WED, BC Region,* Vancouver, BC

Digness, Raquel, *Policy Analyst, Youth, Culture, Recreation, Province of Saskatchewan,* Regina, SK

Distasio, Jino, *Senior Policy Analyst, Institute of Urban Studies,* Winnipeg, MB

Duncan, Bruce, *Manager, Intergovernmental Affairs, City of Edmonton,* Edmonton, AB

Eadie, Jae, *Councillor, City of Winnipeg,* Winnipeg, MB

Finnigan, Harry, *Director, Planning & Development, City of Winnipeg,* Winnipeg, MB

Gélinas, Angie, *Deputy Minister, Culture, Youth, Recreation, Province of Saskatchewan,* Regina, SK

Gibbins, Roger, *President & CEO, Canada West Foundation,* Calgary, AB

Gudmundson, Brian, *Senior Policy Analyst, Aboriginal and Northern Affairs, Government of Manitoba,* Winnipeg, MB

Hanselmann, Calvin, *Senior Policy Analyst, Canada West Foundation,* Calgary, AB

Harcourt, Michael, *Chair, Urban Sustainability Program, National Roundtable on Environment and Economy,* Vancouver, BC

Horner, Geoffrey, *Transportation Economist, Prairie and Northern Region, Transport Canada,* Winnipeg, MB

Huang, Jong, *Chief Economist, City of Edmonton,* Edmonton, AB

King, Brenda, *Manager, Intergovernmental Affairs, City of Calgary,* Calgary, AB

Knight, Jim, *CEO, Federation of Canadian Municipalities,* Ottawa, ON

Koch, Barbara, *Senior Planner, City of Calgary,* Calgary, AB

Kopas, Paul, *Assistant Professor, Political Science, University of Western Ontario,* London, ON

Laglagaron, Della, *Assistant Chief Administrative Officer, Greater Vancouver Regional District,* Burnaby, BC

Leo, Christopher, *Professor, Department of Politics, University of Winnipeg,* Winnipeg, MB

Leong, Francis, *City Treasurer, City of Calgary* Calgary, AB

Linner, A.R. Bob, *City Manager, City of Regina,* Regina, SK

MacDonald, Allan, *Federal Interlocutor, Métis and Non-Status Indians, Privy Council Office,* Ottawa, ON

MacKnight, Heather, *Assistant Deputy Minister, Manitoba Intergovernmental Affairs,* Winnipeg, MB

Masi, Joe, *Executive Director, Association of Manitoba Municipalities,* Portage la Prairie, MB

McFadyen, Linda, *Assistant Deputy Minister, Urban Strategic Initiatives, Intergovernmental Affairs,* Winnipeg, MB

McGowan, John, *Executive Director, Alberta Urban Municipalities Association,* Edmonton, AB

Nasewich, Rod, *Senior Policy Analyst, Government Relations and Aboriginal Affairs,* Regina, SK

Pauls, Richard, *Director, Competitive Intelligence, Calgary Inc.* Calgary, AB

Peddigrew, Brian, *Director, Alberta Municipal Affairs,* Edmonton, AB

Popp, Brant, *Director of Policy, WD Headquarters, Western Economic Diversification,* Edmonton, AB

Richards, Bruce, *Finance Manager, Corporate Services, City of Saskatoon,* Saskatoon, SK

Richards, Phil, *City Manager, City of Saskatoon,* Saskatoon, SK

Rivalin-Clark, Angie, *Executive Assistant (Councillor), City of Winnipeg,* Winnipeg, MB

Sgro, Judy, *MP, York West, and Chair, Prime Minister's Caucus Task Force Urban Issues,* Ottawa, ON

Skinner, George, *Director General, PDSS, Western Economic Diversification,* Winnipeg, MB

Slack, Enid, *President, Enid Slack Consulting Inc.,* Toronto, ON

Sloan, Rick, *Assistant Deputy Minister, Tourism and Industry Division, Alberta Economic Development,* Edmonton, AB

Stephens, Gail, *Chief Administrative Officer, City of Winnipeg* Winnipeg, MB

Stewart, Wendy, *Acting Director, Client Services, Western Economic Diversification,* Edmonton, AB

Thiessen, Klaus, *Consultant, Klaus Thiessen and Associates,* Dugald, MB

Vander Ploeg, Casey, *Senior Policy Analyst, Canada West Foundation,* Calgary, AB

Voyer, Jean-Pierre, *Executive Director, Policy Research Initiative,* Ottawa, ON

Wallace, Alan, *Senior Planner, City of Saskatoon,* Saskatoon, SK

Winnotowy, Randy, *Senior Policy Analyst, WD, Saskatchewan,* Saskatoon, SK

Witt, George, *Branch Manager, Strategic Services, City of Edmonton,* Edmonton, AB

Wonnick, Gladys, *Executive Assistant, Canada West Foundation,* Calgary, AB

Zador, Greg, *Economic Development Coordinator, EPC Secretariat, City of Winnipeg,* Winnipeg, MB

Appendix 2: Conference Agenda

DAY ONE: Thursday, October 3, 2002

1:00 PM **Welcome and Opening Remarks**
DR. ROGER GIBBINS, Canada West Foundation
GAIL STEPHENS, City of Winnipeg

1:30 PM **Plenary: "21st Century Cities: Challenges and Opportunities"**
JIM KNIGHT, Federation of Canadian Municipalities
DR. LOLEEN BERDAHL, Canada West Foundation
What are the key challenges and opportunities facing western Canada's largest cities? What are the key factors that must be considered when focusing on the future of western Canada's cities? In answering these questions, this plenary will touch on the issue of municipal roles and responsibilities.

3:00 PM **Discussion Session**
Workgroups were presented with the following questions:
What should our top priorities be when considering the future of western cities? Does the role of cities need to be redefined in western Canada? If yes, what are the opportunities for doing so? What are the barriers? What cities (Canadian or international) stand out as positive examples for western Canada's cities? What lessons can be learned?

4:30 PM **Report Back From Discussion Session**

7:00 PM **Dinner Speaker: "A Federal Urban Agenda"**
JUDY SGRO, MP, Chair, Prime Minister's Caucus Task Force on Urban Issues
Ms. Sgro outlined the possibilities for a federal urban agenda,based on the work of the Prime Minister's Caucus Task Force on Urban Issues.

DAY TWO: Friday, October 4, 2002

9:00 AM **Plenary Session: "Funding Our Cities"**
DEREK BURLETON, TD Bank Financial Group
ENID SLACK, Private Consultant
MICHAEL HARCOURT, Chair, Urban Sustainability Program, National Roundtable on Environment and Economy, and Former Premier of British Columbia
What changes by the federal and provincial governments would help alleviate the fiscal concerns shared by western Canadian cities? What changes can cities themselves undertake to help alleviate the fiscal concerns of western Canadian cities?

10:30 AM **Concurrent Discussion Sessions**
A) Urban Finance: New Approaches
Chair: CASEY VANDER PLOEG, Canada West Foundation
B) Urban Aboriginal People: Promising Practices
Chair: CALVIN HANSELMANN, Canada West Foundation
C) Cities in Competition: Attracting Talent
Chair: JASON AZMIER, Canada West Foundation
D) Sustainable Urban Growth
Chair: DR. ROGER GIBBINS, Canada West Foundation

12:00 PM **Lunch/Panel: "Cities and Global Competitiveness"**
GREG DANDEWICH, Economic Development Winnipeg
KLAUS THIESSEN, Klaus Thiessen and Associates
DALE BOTTING, Saskatoon Regional Economic Development Authority
What role do cities play in promoting provincial, regional and national competitiveness? What tools do cities need to be competitive?

1:45 PM **Concurrent Discussion Sessions**
Repeat of concurrent sessions A-D

3:15 PM **Report Back From Concurrent Discussion Sessions**

4:00 PM **Closing Remarks and Adjournment**

Appendix 3: Reports From the Workgroups

DAY ONE: Thursday, October 3, 2002

What should our top priorities be when considering the future of western cities?
Does the role of cities need to be redefined in western Canada? If yes, what are the opportunities for doing so? What are the barriers?
What cities (Canadian or international) stand out as positive examples for western Canada's cities? What lessons can be learned?

Priorities, Roles, Barriers and Lessons: Group #1

Chair: Casey Vander Ploeg
Reporter: Phil Richards

The financing of municipal government, particularly infrastructure, is a top priority. The estimated infrastructure investment required is $43 billion. Cities have a limited ability to finance this amount on a "pay-as-you-go" basis, and are limited in the debt they can carry. There are also problems between maintaining infrastructure and investing in new infrastructure. Taxpayers are more inclined to support new infrastructure because it is more visible, but maintaining older infrastructure is no less important. Several options were forwarded, and include new sources of tax revenue and the rationalization and sharing of municipal facilities across a city-region. Regional libraries are but one example. Cities across western Canada could also come together to decide on the facilities and services they could provide based on inherent comparative advantages. For example, not every city can purse a world-class convention centre and an international airport. Different cities could specialize in different services. Dedicating revenues to specific projects helps ensure taxpayer support for increasing capital revenues and expenditure.

A second priority was managing the trade-offs in controlling urban sprawl and building sustainable or "green" cities. The group acknowledged the many planning issues that affect this policy objective.

A third priority concerns the language used in discussing urban issues. For example, the current pattern of urbanization – often referred to as the "donut effect" – should really be dubbed the "double donut effect" as growth just outside central cities is often accompanied with decay in many downtown cores. Further, provincial and federal governments are often described as "senior" governments. This tends to lower the importance and profile of urban issues, and ignores the fact that cities are "senior" in the sense that they are the oldest form of political organization.

Cities need to emphasize the need for revisiting their role. It is important for cities to remember their mandate, and stay focused on core responsibilities. Cities should exercise caution before entering into social policy fields.

A number of positive examples were identified. The *Pittsburgh Regional Asset District* was formed to construct infrastructure across the city-region after a successful plebiscite to increase the sales tax by 1.0% points. The *Liveable Region Strategy* of the Greater Vancouver Regional District (GVRD) and its *TransLink* transportation system (funded by fuel taxes, vehicle levies, hydroelectric taxes) were also mentioned. Hamilton's long-term sustainable growth strategy, *20/20*, was also cited as a positive innovation, as was the *High Growth Strategy* in the Okanagan Valley and developments in Ottawa's transit system. In many ways, addressing the issues facing cities require cities to take new and bold steps.

Priorities, Roles, Barriers and Lessons: Group #2

Chair: Calvin Hanselmann
Reporter: Angie Gelinas

The group did not focus on a range of priorities, but decided to address one priority in particular – bringing a sharper focus to the changing roles of cities in western Canada. The group discussed the question of which government should be delivering which services, and whether or not it was time to rethink the core competencies and responsibilities of cities. Several points were brought up during the discussion.

First, it is clear that the role of cities in the broader governance of Canada needs to be better defined and sharpened. In large part, this is because expanded responsibilities at the municipal level have not equated with an expansion of fiscal capacity, producing not only fiscal stress but confusion as well. The blurring of responsibilities between the three orders of government causes angst, and has raised questions about who is doing what and who should be paying for what. Roles need to be revisited for purposes of clarity.

Second, there is an obvious distinction to draw between "core" services or competencies and "significant" issues. Traditional core competencies at the municipal level include transportation, infrastructure, and protective services. Significant issues include a growing urban Aboriginal population, affordable housing, and social disparities. Cities generally handle their core competencies well. The real need for cities now is how to deal with the broader and more significant issues.

Generally, the group felt that municipalities should not be playing a direct role in social issues or activities that redistribute income, especially considering that municipal revenue tools are highly limited. At the same time, cities cannot easily disengage from these broader issues. Increased clarity in roles may work as a theory, but in practice it is very difficult. The fact is, cities are the first contact for many issues, even though the issues are the responsibility of the other two governments. Often, the cause of a broader issue is not the responsibility of a municipality, but they have to deal with the outcome – it lands on the city's doorstep and the outcome affects the cities directly.

In sorting out the responsibilities of different orders of government, there needs to be a dialogue created among stakeholders that considers not just the fiscal ability of a government to address an issue or policy area, but ultimately, which government is best positioned to address it. The structural relationships among governments are changing – currently, there seems to be a growing interest and opportunity for more links with the federal government and municipalities. Thus, there seems to be a window to begin this type of discussion. In anticipation of a debate on their appropriate roles, cities need to continue urging action on significant issues by the provincial and federal governments.

Priorities, Roles, Barriers and Lessons: Group #3

Chair: Jason Azmier
Reporter: Dale Botting

The group drew a distinction between root or causal priorities that are structural and foundational in nature, and symptomatic priorities or issues that flow out of the larger concerns. In terms of causal priorities, the current financial model employed by municipalities is problematic, as well as the fiscal redistribution between municipalities and other orders of government.

In terms of the broader priorities, municipal government needs to be seen as an equal partner, and need increased governing capacity, including financial, legislative, and regulatory capacity. For their part, cities need to find avenues to enhance citizen accountability that would build confidence in municipal government as an institution. This can be done by creating a sense of co-ownership of the city between cities and their citizens and increased use of plebiscites. The gap between what municipal services citizens are willing to pay for, and what they demand, needs to be closed. One option is to dedicate taxes and user fees to specific municipal functions.

There is a resulting list of issues or symptomatic concerns that flow out of the broader priorities, and include infrastructure issues, economic development and innovation strategies, regional governance to gain service delivery efficiencies, affordable housing, urban environmental issues, the state of local labour markets, and issues of social inclusion, whether that be a growing Aboriginal population or immigration attraction and settlement. Recent successes with federal, provincial, and municipal tripartite programs could be used to address some of these issues.

Generally, the group felt that the role of cities needs to be redefined, if only to provide a greater clarity of relationships. At the same time, it should also result in a better process for dialogue and communication between the three orders of government.

The group spent a great deal of time talking about cooperative efforts that could be undertaken by the large western Canadian cities to advance their concerns and secure solutions. The idea behind a collaborative effort is to have the cities working together to build capacity and present a common front. Suggestions on this priority ranged from a loose coalition (a Western Cities Forum) to a more united effort (a Western Cities Alliance).

In terms of positive examples, the group stressed the need to avoid the "megalopolis" notion like Toronto. The group was confident that western Canadian cities could avoid amalgamation since they are ahead of the curve on managing growth. The group drew attention to collaborative efforts between cities to promote investment. For example, Edmonton and Saskatoon are working on a joint program to attract German investment to both cities.

Appendix 3: Reports From the Workgroups

DAY ONE: Thursday, October 3, 2002

What should our top priorities be when considering the future of western cities?
Does the role of cities need to be redefined in western Canada? If yes, what are the opportunities for doing so? What are the barriers?
What cities (Canadian or international) stand out as positive examples for western Canada's cities? What lessons can be learned?

Priorities, Roles, Barriers and Lessons: Group #1

Chair: Casey Vander Ploeg
Reporter: Phil Richards

The financing of municipal government particularly infrastructure, is a top priority. The estimated infrastructure investment required is $40 billion. Cities have a limited ability to finance this amount on a 'pay-as-you-go' basis, and are limited in the debt they can carry. There are also problems between maintaining infrastructure and investing in new infrastructure. Taxpayers are more inclined to support new infrastructure because it is more visible, but maintaining older infrastructure is no less important. Several options were forwarded, and include new sources of tax revenue and the reconciliation and sharing of municipal facilities across a city-region. Regional parks are but one example. Cities across western Canada could also come together to decide on the facilities and services they could provide based on inherent comparative advantages. For example, not every city can build a world-class convention centre and an international airport. Different cities could specialize in different services. Dedicating revenues to specific projects helps ensure taxpayer support for increasing capital revenues and expenditure.

A second priority was managing the trade-offs in controlling urban sprawl and building sustainable or 'green' cities. The group acknowledged the many planning issues that affect this policy objective.

A third priority concerns the language used in discussing urban issues. For example, the current pattern of urbanization – often referred to as 'the donut effect' – should really be dubbed the 'double donut effect' as growth just outside central cities is often accompanied with decay in many downtown cores. Further, provincial and federal governments are often described as "senior" governments. This tends to overstate the importance and profile of urban issues and ignores the fact that cities are 'senior' in the sense that they are the oldest form of political organization.

Cities need to emphasize the need for revisiting their role. It is important for cities to remember their mandate, and stay focused on core responsibilities. Cities should exercise caution before entering into social policy fields.

A number of positive examples were identified. The Pittsburgh Regional Asset District was formed to construct infrastructure across the city-region after a successful decision to increase the sales tax by 1.0% point. The Liveable Region Strategy of the Greater Vancouver Regional District (GVRD) and its TransLink transportation system (funded by fuel taxes, vehicle levies, hydroelectric taxes) were also mentioned. Hamilton's long-term sustainable growth strategy, 2020, was also cited as a positive innovation, as was the High Growth strategy in the Okanagan Valley and developments in Ottawa's transit system. In many ways, addressing the issues facing other leisure cities to take here and could learn.

Priorities, Roles, Barriers and Lessons: Group #2

Chair: Calvin Hunselmann
Reporter: Angie Gelinas

The group did not focus on a range of priorities, but decided to address one priority in particular – bringing a sharper focus to the changing roles of cities in western Canada. The group discussed the question of which government should be delivering which services, and whether or not it was time to rethink the core competencies and responsibilities of cities. Several points were brought up during the discussion.

First, it is clear that the role of cities in the broader governance of Canada needs to be better defined and sharpened. In large part, this is because expanded responsibilities at the municipal level have not equated with an expansion of 'fiscal capacity', producing not only fiscal stress but confusion as well. The blurring of responsibilities between the three orders of government causes angst, and has raised questions about who is doing what and who should be paying for what. These need to be revisited for purposes of clarity.

Second, there is an obvious distinction to draw between 'core' services or competencies and 'significant' issues. Traditional core competencies at the municipal level include transportation infrastructure and protective services. Significant issues include a growing urban Aboriginal population, affordable housing, and social disparities. Cities generally handle their core competencies well. The real need for cities now is how to deal with the broader and more significant issues.

Generally, the group felt that municipalities should not be playing a direct role in social issues or activities that redistribute income, especially considering that municipal revenue tools are highly limited. At the same time, cities cannot easily disengage from these broader issues. Increased clarity in roles may work as a theory, but in practice it is very difficult. The fact is, cities are the first contact for many issues, even though the issues are the responsibility of the other two governments. Often, the cause of a broader issue is not the responsibility of a municipality, but they have to deal with the outcome – it lands on the city's doorstep and the outcome affects the cities directly.

In sorting out the responsibilities of different orders of government, there needs to be a dialogue created among stakeholders that considers not just the 'fiscal ability' of a government to address an issue or policy area, but ultimately, which government is best positioned to address it. The structural relationships among governments are changing – currently, there seems to be a growing interest and opportunity for more 'mix and match' federal government and municipalities. Thus, there seems to be a window to begin this type of discussion. In anticipation of a debate on their appropriate roles, cities need to continue urging action on significant issues by the province and federal government.

Priorities, Roles, Barriers and Lessons: Group #3

Chair: Jason Aumer
Reporter: Dale Botting

The group drew a distinction between root or causal priorities that are structural and foundational in nature, and symptomatic priorities or issues that flow out of the larger concerns. In terms of causal priorities, the current financial model employed by municipalities is problematic, as well as the 'fiscal redistribution' between municipalities and other orders of government.

In terms of the broader priorities, municipal government needs to be seen as an equal partner, and need increased governing capacity, including financial, legislative, and regulatory capacity. For their part, cities need to find avenues to enhance citizen accountability that would build confidence in municipal government as an institution. This can be done by creating a sense of co-ownership of the city between cities and their citizens and increased use of plebiscites. The gap between what municipal services citizens are willing to pay for, and what they demand, needs to be closed. One option is to dedicate taxes and user fees to specific municipal functions.

There is a resulting list of issues or symptomatic concerns that flow out of the broader priorities, and include: infrastructure issues; economic development and innovation strategies; regional governance to gain service delivery efficiencies; affordable housing; urban environmental issues; the state of local labour markets; and issues of social cohesion, whether that be a growing Aboriginal population or immigration attraction and settlement. Recent successes with federal, provincial, and municipal tripartite programs could be used to address some of these issues.

Generally, the group felt that the role of cities needs to be redefined, if only to provide a greater clarity of relationships. At the same time, it should also result in a better process for dialogue and communication between the three orders of government.

The group spent a great deal of time talking about cooperative efforts that could be undertaken by the large western Canadian cities to advance their concerns and secure solutions. The idea behind a collaborative effort is to have the cities working together to build capacity and present a common front. Suggestions on this priority ranged from a close coalition (a Western Cities Forum) to a more united effort (a Western Cities Alliance).

In terms of positive examples, the group stressed the need to avoid the "mega-city" notion (ie Toronto). The group was confident that western Canadian cities could avoid amalgamation since they are ahead of the curve on managing growth. The group drew attention to collaborative efforts between cities to promote investment. For example, Edmonton and Saskatoon are working on a joint program to attract German investment to both cities.

Appendix 3: Reports From the Workgroups *(Continued)*

DAY TWO: Friday, October 4, 2002

URBAN FINANCE: New Approaches

Should the tax tools available to cities be expanded? If so, what specific taxation powers offer the most promise? What are the advantages and disadvantages of various tax tools in the municipal context? How can any new tax tools be implemented? If taxing authority should not be expanded, what are the other options?

Urban Finance: Workgroup #1 (AM)

Chair: Casey Vander Ploeg
Reporter: Derek Burleton

The answer to the first question was a resounding "Yes." There is too much emphasis on the property tax, and with new and different responsibilities and challenges, cities need expanded taxing authority. The property tax is a good way to fund traditional core services, but a set of other taxes, perhaps dedicated, is warranted for new responsibilities.

With regards to the taxation powers that offer the most promise, the group developed a lengthy list of options from which to choose, including fuel taxes, lodging taxes, locally generated general retail sales taxes, real estate transfer taxes, and taxes on alcohol, tobacco, and gambling. Other potential revenue sources include road tolls, environmental taxes, user pay garbage collection, and higher fees for false fire or police alarms. The taxation of income was felt to be unworkable at the local level given the mobility of the tax base. Increased tax-sharing based on a number of taxes was cited as an option, but it does reduce accountability.

The group felt that greater taxing authority could be used to address other policy objectives. For example, higher taxes or fees on motor vehicles that are less fuel efficient would help address urban environmental pollution and could link to the anticipated implementation of the Kyoto Protocol. Using the tax system to address the regional component and problems of fiscal equivalence was also deemed an important policy objective.

In terms of implementation, a significant restraint is to keep the change revenue neutral – avoiding any increase in the tax burden. While there was no consensus on the issue, the group reported a number of ways to proceed. The federal government, which has more financial resources and more budgetary flexibility than the provinces, could transfer tax points to the provinces, which would in turn transfer them to the cities. Another idea is for the cities to arrange a deal with the provinces where property taxes are cut in exchange for a set of different taxes with better potential for growth. Another option is to reduce grants and provide the cities with their own expanded taxing authority.

In the short-term, federal and provincial governments could help cities by exempting their purchases from the federal Goods and Services Tax (GST) and general Provincial Sales Taxes (PST).

Some members of the group felt that the onus is on the cities to stimulate a change in taxation authority. The cities need to draft a plan that is attractive to the provinces as well, as their support is needed. This also underscores the need to develop a compelling rationale for the change if only because tax reform issues can be difficult. The federal government could help bring the parties together.

Urban Finance: Workgroup #2 (PM)

Chair: Casey Vander Ploeg
Reporter: Calvin Hansotmann

While the taxing authority of cities should be expanded, the idea met with varying degrees of conviction. Before any expansion, cities must ensure that their "fiscal house" is in order by effectively using the property tax, which does have advantages. The property tax could better reflect the costs of servicing different types of properties and cities should be creative, including setting correct prices for the services they provide.

At the same time, there is a case for increased taxing authority because of the logical relationship that must exist between the types of tax tools available and the types of services being provided. Currently, cities are required to address a number of social issues (e.g., immigration, urban Aboriginal peoples, affordable housing) as a result of provincial and federal down-loading and off-loading. However, there is no clear rationale for funding social spending through property taxes. Cities and their citizens need to be empowered to effectively deal with these "new" responsibilities. It was also recognized that property taxes grow slowly. A more diverse set of taxes would provide better growth as revenues expand alongside the economy.

Specific tax tools that could be used include fuel taxes, lodging taxes, and motor vehicle licensing fees and taxes. User fees could be expanded. Tax-sharing within a city-region could help address issues of fiscal equivalence, and the group also felt that tax policy should be framed to help achieve progress on other objectives such as conservation and environmental sustainability.

In working toward a resolution, the group focused on the role of education and communication. Cities must make the case that they are legitimate and democratic governments that need tools to address the issues they face. Homelessness, crime, poverty, and traffic gridlock carry economic and social costs. The onus is on the cities to avoid discussing what they are doing well, and focus on the challenges. Cities need to ensure that other governments and their own citizens understand the needs of cities and begin supporting the cities. Citizens also need to understand that they must pay for the services they receive. One problem that needs to be worked on concerns the fact that the institutional arrangements for cities have not changed to match their new role, and city governance structures (e.g., ward systems) work against developing a common cause because parochial concerns often dominate. In terms of strategy, the group suggested starting small. One suggestion was to work on replacing grants with a portion of the fuel tax. Another option could be to make property taxes tax deductible for income tax purposes. The group also discussed the merits of removing the funding of education from the property tax base.

URBAN ABORIGINAL PEOPLE: Promising Practices

What lessons can be learned and transferred among jurisdictions? What are the most promising roles for municipal, provincial, and federal governments? How do we move forward?

Urban Aboriginal People: Workgroup (AM)

Chair: Calvin Hansotmann
Reporter: Alan Wallace

The group sought an answer to what constitutes an urban Aboriginal strategy, how to raise awareness of the issue, and how existing programs could be enhanced. There was a recognition that currently, an urban Aboriginal strategy is under-funded and many programs tend to be ad hoc. However, the group first sought out a set of higher principles that could guide an effective response to a growing urban Aboriginal population. While the principles are based on "common sense", detailed programs and solutions are more difficult.

The first principle is that solutions need to be based on a sense of trust, and there must be a strong commitment to building and increasing this trust between government and Aboriginal people. Second, solutions need to be geared toward promoting inclusiveness in the community. The first step forward should be taken by government, which needs to reach out to the Aboriginal community.

In terms of specific issues, education and labour force training are critical, as is the need for helping urban Aboriginals with child care. There is also a need for adequate housing. Cities must also become more welcoming. Positive examples include the Manitoba Memorandum of Agreement that provides help to off-reserve children. British Columbia has a protocol for increasing capacity to provide care for off-reserve children, and the Framework for Cooperation in Saskatchewan presents 20 year targets for Aboriginal education, child care, and family services.

The group also identified a number of barriers to progress. First, Aboriginals are not one large group. For example, one should not assume that only those living in the core of a city need help. Second, there are many local variances, which work against recommending or adopting a single model or approach to the issue. There are many specific examples that could be cited about what communities are doing. What would be very helpful is if these could be catalogued for all stakeholders. Much depends on the needs in the local context. Third, Aboriginal groups often insist that any funding go directly to their own particular groups.

To move forward, the use of partnerships with Aboriginal institutions is key to building effective solutions. This partnership must be based on a sense of mutual trust, and there should be a built-in mechanism for Aboriginal leadership in developing any programs. Further, efforts should be guided by the assumption that in the future, Aboriginal people will assume ownership and responsibility for any programs that might be developed. The creation of "urban reserves" was also discussed, but clearly it is a controversial issue. At the same time, it constitutes a major statement that Aboriginals are welcome in the community.

Appendix 3: Reports From the Workgroups *(Continued)*

DAY TWO: Friday, October 4, 2002

SUSTAINABLE URBAN GROWTH

How can western Canadian cities manage growth to meet their short and long-term interests? What are the roles of the federal and provincial governments in ensuring urban sustainability?

Sustainable Urban Growth: Workgroup #1 (AM)

Chair: Dr. Roger Gibbins
Reporter: Richard Poole

The group recognized that there are many different interpretations of sustainable urban growth, but also realized there is general agreement in the policy community on the need to pursue it as a broad objective. Cities, however, lack the capacity to deal with sustainability in a broad sense, often exhibiting a lack of political will to take a holistic approach to the issues involved.

Addressing questions of sustainability through a regional framework is becoming more accepted. Regional alliances can help develop a plan to deal with the upsides and downsides of growth, and stimulate discussion and action on a number of issues including resource management plans. However, a regional approach does have limitations. More work needs to be done in terms of specifics, such as working to integrate services. In many cities, there is a lack of institutional capacity at the regional level to facilitate action. This led the group to question whether an institutional approach to the issue could even be made to work. It could be that sustainability cannot be achieved through institutionalized governance – the last thing needed is "more rules."

As a result, the group proposed two other options. First, cities need to develop their own tools to address issues of sustainability. Because each municipality is fundamentally different, there is no fixed solution or particular model. Ultimately, the group felt that incentives and disincentives are needed to modify the behaviour and choices of urban citizens. There is often a lack of incentives encouraging people to make more sustainable choices. Citizens do not often see the linkages between their choices (e.g., a large home in far-flung suburbs) with the costs of those choices in terms of service delivery or the environment. There is a need to inform citizens on the costs of their choices, as well as creating incentives and disincentives to modify behaviours that undermine sustainability. For example, companies could quit providing free parking and the costs of public transit could be made tax deductible.

Second, the group felt that part of the answer lies in "blue-boxing" sustainability – making sustainability and environmentally friendly cities just as popular as current blue-box recycling programs. If the idea of sustainability cannot be popularized, destructive growth patterns such as urban sprawl will continue.

The federal government should be helping coordinate and fund regional programs and efforts to achieve sustainability. Federal and provincial grants can also be used to provide cities with a more flexible policy environment and incentives for "smart growth." Long-term urban vitality requires an investment in the right incentives to make more sustainable choices.

Sustainable Urban Growth: Workgroup #2 (PM)

Chair: Dr. Roger Gibbins
Reporter: Jane Ontarsio

The group asked what sustainable growth means, and then discussed the challenges, as well as the broad objectives and approaches, that can be used to develop a sustainable urban growth strategy. There was agreement that financial sustainability is a key aspect of sustainability in the broader sense.

There are a number of challenges in achieving sustainability. First, dealing with growth is simply difficult. Instruments to address it are also complex. Second, cities differ. Sprawl, for example, means different things to different cities. Environmental issues also vary. For some cities, the challenge is rapid growth and its attendant problems, while in others it is slow growth and its impact on long-term sustainability. There are both types of cities in the West. Third, many cities have urban development plans, but they are not always used effectively – there is difficulty in translating the objectives into results. Fourth, physical limits often curb destructive growth patterns. Cities with fewer physical barriers find it harder to contain sprawl. Fifth, current citizen attitudes and lifestyles present problems. Many citizens do not see suburban growth as a negative thing. Getting past prevailing attitudes is a significant challenge. Finally, there is a lack of institutions and political processes to address sustainable growth, particularly on a regional basis.

Broad objectives include balancing suburban growth with growth in the inner city, and creating strategies to increase density. This impacts on financial sustainability through reduced costs. Changing attitudes about higher density development must be part of any long-term plan. The main objective behind long-term planning is to leave the city in the same or better position well into the future. Regional approaches to the question should be built by efforts from all three orders of government, and must include the view of a number of stakeholders, from developers to citizens. Cities need to find ways to cooperate and build frameworks for future partnerships across the city-region.

With regards to specific ideas, cities must learn from other cities. Any long-term plan should have clear objectives, such as density limits that are measurable. Incentives should be offered to encourage higher density development. Across a city-region, partnerships should address regional service delivery. The goal is to have communities working together to solve the issues on a larger scale. Developing such a framework, and creating the necessary organizational body, is a priority. The federal government could help by funding efforts that help empower local communities to address the issue regionally, promoting more compact development, and educating citizens on the impact of their choices. The group wrestled with the provincial role, but felt that linking funding to sustainability objectives should be considered.

CITIES IN COMPETITION: Attracting Talent

What are the quality of place notions that attract knowledge workers? What policies can western cities use to attract talent? How can inter-city competition be reduced and regional economic growth promoted?

Cities in Competition: Workgroup (PM)

Chair: Jason Azmier
Reporter: Joe Masi

Before answering the questions, the group discussed the challenges cities face in terms of attracting talent. At the top of this list are the available economic opportunities in a city. To attract talent, the local economy must offer a wide variety of fulfilling careers, as well as opportunities for continuous growth in these careers. The group recognized that many challenges in attracting talent revolve around perceptions of the city. In fact, perceptions can be the most significant barrier – cities that are perceived as offering a lack of economic opportunities or a good cross-section of job options are not well placed to attract skilled human capital. A perceived lack of respect and tolerance can also work against attracting young talent.

In many ways, policy options need to be geared toward addressing perceptions about a community, even if the perception fails to reflect reality. The perceptions held by outsiders and those living in the city are of equal importance, since retaining skilled talent is just as essential as attracting new talent. Specific approaches to attracting human capital need to address internal perceptions. One of the most critical concerns is that a city must not be perceived as a community "going downhill."

The group identified several strategies to attract skilled human capital. First, it was felt that the primary target is the young and educated, particularly individuals in the 18-30 year-old range. For these individuals, providing a vibrant and stimulating local culture is key. Second, foreign students and skilled immigrants represent a large and fundamental source of new talent. Policies are needed that address immigration and settlement issues. Accreditation of immigrants with specific skills (such as medical doctors) remains an issue that needs to be addressed. Third, cities should realize that young talent will balance family considerations and the needs and opportunities for spouses before making any decision to locate in a new city. As such, cities must attract not only skilled human capital, but their spouse and children as well. To help in this regard, some cities have instituted "Welcome Back" programs as a way to encourage people to relocate back to their home cities.

To reduce inter-city competition, the group urged a stronger focus on multi-city or joint economic development efforts. Creating stronger linkages and collaborative efforts between cities in the West would reduce the "beggar thy neighbour" mentality. Across the West, there is a growing list of examples where two or more cities are working together to pursue economic development opportunities. One idea to consider is an ongoing regional forum to help stimulate cooperation between cities with regards to economic development.

Appendix 3: Reports From the Workgroups *(Continued)*

DAY TWO: Friday, October 4, 2002

URBAN FINANCE: New Approaches

Should the tax tools available to cities be expanded? If so, what specific taxation powers offer the most promise? What are the advantages and disadvantages of various tax tools in the municipal context? How can any new tax tools be implemented? If taxing authority should not be expanded, what are the other options?

URBAN ABORIGINAL PEOPLE: Promising Practices

What lessons can be learned and transferred among jurisdictions? What are the most promising roles for municipal, provincial, and federal governments? How do we move forward?

Urban Finance: Workgroup #1 (AM)

Chair: Casey Vander Ploeg
Reporter: Derek Burleton

The answer to the first question was a resounding "Yes." There is too much emphasis on the property tax, and with new and different responsibilities and challenges, cities need expanded taxing authority. The property tax is a good way to fund traditional core services, but a set of other taxes, perhaps dedicated, is warranted for new responsibilities.

With regards to the taxation powers that offer the most promise, the group developed a lengthy list of options from which to choose, including fuel taxes, lodging taxes, locally generated general sales taxes, real estate transfer taxes, and taxes on alcohol, tobacco and gambling. Other potential revenue sources include road tolls, environmental taxes, user pay garbage collection, and higher fees for false fire or police alarms. The taxation of income was felt to be unworkable at the local level given the mobility of the tax base. Increased tax-sharing (ideas on a number of taxes was cited as an option, but it does reduce accountability.

The group felt that greater taxing authority could be used to address other policy objectives. For example, higher levels of fees on motor vehicles that are less fuel efficient would help address urban environmental problems and could link to the anticipated implementation of the Kyoto Protocol. Using the tax system to address the regional component and problems of fiscal equivalence was also deemed an important policy objective.

In terms of implementation, a significant restraint is to keep the change revenue neutral – avoiding any increase in the tax burden. While there was no consensus on the issue, the group reported a number of ways to proceed. The federal government, which has more financial resources and more budgetary flexibility than the provinces, could transfer tax points to the provinces, which would in turn transfer them to the cities. Another idea is for the cities to arrange a deal with the provinces where property taxes are cut in exchange for a set of different taxes with better potential for growth. Another option is to reduce grants and provide the cities with their own expanded taxing authority.

In the short-term, federal and provincial governments could help cities by exempting their purchases from the Federal Goods and Services Tax (GST) and general Provincial Sales Taxes (PST).

Some members of the group felt that the onus is on the cities to stimulate a change in taxation authority. The cities need to draft a plan that is attractive to the provinces as well as their support is needed. This also underscores the need to develop a compelling rationale for the change. Only because tax reform would can be difficult. The federal government could help bring the parties together.

Urban Finance: Workgroup #2 (PM)

Chair: Casey Vander Ploeg
Reporter: Calvin Ramsingh

While the taxing authority of cities should be expanded, the idea met with varying degrees of conviction. Before any expansion, cities must ensure that their "house house" is in order by effectively using the property tax, which does have advantages. The property tax could better reflect the costs of servicing different types of properties, and cities should be creative, including setting correct prices for the services they provide.

At the same time, there is a case for increased taxing authority because of the logical relationship that must exist between the types of tax tools available and the types of services being provided. Currently, cities are required to address a number of social issues (e.g., immigration, urban Aboriginal persons, affordable housing) as a result of provincial and federal down-loading and off-loading. However, there is no clear rationale for funding social spending through property taxes. Cities and their citizens need to be empowered to effectively deal with these new responsibilities. It was also recognized that property taxes grow slowly. A more diverse set of taxes would provide better growth as revenues expand alongside the economy.

Specific tax tools that could be used include fuel taxes, lodging taxes, and motor vehicle licensing fees and taxes. User fees could be expanded. Tax-sharing within a city region could help address issues of fiscal equivalence, and the group also felt that tax policy should be framed to help achieve progress on other objectives such as sustainability and environmental sustainability.

In working toward a resolution, the group focused on the role of education and communication. Cities must make the case that they are legitimate and democratic governments that need tools to address the issues they face. Homelessness, crime, poverty, and traffic gridlock carry economic and social costs. The onus is on the cities to avoid discussing what they are doing with, and focus on, the challenges. Cities need to ensure that other governments and their own citizens understand the needs of cities and begin supporting the cities. Citizens, as a need to understand that they must pay for the services they receive. One concern that needs to be worked on concerns the fact that the institutional arrangements for cities have not changed to match their new role, and city governance structures (e.g., ward systems) work against developing a common cause because parochial concerns often dominate. In terms of strategy, the group suggested starting small. One suggestion was to work on reducing grants with a portion of the fuel tax. Another option could be to make property taxes tax deductible for income tax purposes. The group also discussed the merits of removing the funding of education from the property tax base.

Urban Aboriginal People: Workgroup (AM)

Chair: Calvin Ramsingh
Reporter: Alan Wallace

The group sought an answer to what constitutes an urban Aboriginal strategy. How to raise awareness of the issue, and how existing programs could be enhanced. There was a recognition that currently, an urban Aboriginal strategy is under-funded and many programs tend to be ad hoc. However, the group first sought out a set of higher principles that could guide an effective response to a growing urban Aboriginal population. While the principles are based on "common sense" outlined programs and solutions are more difficult.

The first principle is that solutions need to be based on a sense of trust, and there must be a strong commitment to building and increasing the trust between government and Aboriginal people. Second, solutions need to be geared toward providing inclusiveness in the community. The first step toward should be taken by government which needs to reach out to the Aboriginal community.

In terms of specific issues, education and labour force training are critical, as is the need for helping urban Aboriginals with child care. There is also a need for adequate housing. Cities must also become more welcoming. Positive examples include the Manitoba Memorandum of Agreement that provides help to off-reserve children. British Columbia has a protocol for increasing capacity to provide care for off-reserve children, and the Framework for Cooperation in Saskatchewan presents 20 year targets for Aboriginal education, child care, and family services.

The group also identified a number of barriers to progress. First, Aboriginals are not one large group. For example, one should not assume that only those living in the core of a city need help. Second, there are many local variances, which work against recommending or adopting a single model or approach to the issue. There are many specific examples that could be cited about what communities are doing. What would be very helpful is if these could be catalogued for all stakeholders. Much depends on the needs in the local context. Third, Aboriginal groups often insist that any funding go directly to their own particular groups.

To move forward, the use of partnerships with Aboriginal institutions is key to building effective solutions. This partnership must be based on a sense of mutual trust, and there should be a built in mechanism for Aboriginal leadership in developing any programs. Further efforts should be guided by the assumption that in the future, Aboriginal people will assume ownership and responsibility for any programs that might be developed. The concept of "urban reserves" was also discussed but clearly it is a controversial issue. At the same time, it constitutes a major statement that Aboriginals are welcome in the community.

Appendix 3: Reports From the Workgroups *(Continued)*

DAY TWO: Friday, October 4, 2002

SUSTAINABLE URBAN GROWTH

How can western Canadian cities manage growth to meet their short and long-term interests? What are the roles of the federal and provincial governments in ensuring urban sustainability?

CITIES IN COMPETITION: Attracting Talent

What are the quality of place notions that attract knowledge workers? What policies can western cities use to attract talent? How can inter-city competition be reduced and regional economic growth promoted?

Sustainable Urban Growth: Workgroup #1 (AM)

Chair: Dr. Roger Gibbins
Reporter: Richard Pauls

The group recognized that there are many different interpretations of sustainable urban growth, but also realized there is genuine agreement in the policy community on the need to pursue it as a broad objective. Cities, however, lack the capacity to deal with sustainability in a broad sense often exhibiting a lack of political will to take a holistic approach to the issues involved.

Addressing questions of sustainability through a regional framework is becoming more accepted. Regional studies can help develop a plan to deal with the upsides and downsides of growth, and stimulate discussion and action on a number of issues including transport management plans. However, a regional approach does have limitations. More work needs to be done in terms of specifics such as working to integrate services. In many cities, there is a lack of institutional capacity at the regional level to facilitate action. This led the group to question whether an institutional approach to the issue could even be made to work. It could be that sustainability cannot be achieved through institutionalized governance – the last thing needed is "more rules."

As a result, the group proposed two other options. First, cities need to develop their own tools to address issues of sustainability. Because each municipality is fundamentally different, there is no hard solution or particular model. Ultimately, the group felt that incentives and disincentives are needed to modify the behaviour and choices of urban citizens. There is often a lack of incentives encouraging people to make more sustainable choices. Citizens do not often see the linkages between their choices (e.g., a large home in far-flung suburbs) with the costs of those choices in terms of service delivery or the environment. There is a need to inform citizens on the costs of their choices, as well as creating incentives and disincentives to modify behaviours that undermine sustainability. For example, companies could quit providing free parking and the costs of public transit could be made tax deductible.

Second, the group felt that part of the answer lies in "blue-boxing" sustainability – making sustainability and environmentally friendly cities just as popular as current blue-box recycling programs. If the idea of sustainability cannot be popularized, destructive growth patterns such as urban sprawl will continue.

The federal government should be helping coordinate and fund regional programs and efforts to achieve sustainability. Federal and provincial grants can also be used to provide cities with a more flexible policy environment and incentives for "smart growth." Long-term urban vitality requires an investment in the right incentives to make more sustainable choices.

Sustainable Urban Growth: Workgroup #2 (PM)

Chair: Dr. Roger Gibbins
Reporter: Jane Drakeford

The group asked what sustainable growth means and then discussed the challenges, as well as the broad objectives and approaches, that can be used to develop a sustainable urban growth strategy. There was agreement that financial sustainability is a key aspect of sustainability in the broader sense.

There are a number of challenges in achieving sustainability. First, dealing with growth is simply difficult. Instruments to address it are also complex. Second, cities differ. Sprawl, for example, means different things to different cities. Environmental issues also vary. For some cities, the challenge is rapid growth and its attendant problems, while in others it is slow growth and its impact on long-term sustainability. There are both types of cities in the West. Third, many cities have urban development plans, but they are not always used effectively – there is difficulty in translating the objectives into results. Fourth, physical infrastructure can be both a positive and negative. Cities with fewer physical barriers find it harder to contain sprawl. Fifth, current citizen attitudes and lifestyles present problems. Many citizens do not see suburban growth as a negative thing. Getting past prevailing attitudes is a significant challenge. Finally, there is a lack of institutions and political processes to address sustainable growth particularly on a regional basis.

Broad objectives include balancing suburban growth with growth in the inner city and creating strategies to increase density. This impacts on financial sustainability through reduced costs. Changing attitudes about higher density development must be part of any long-term plan. The main objective behind long-term planning is to leave the city in the same or better position we're in into the future. Regional approaches to the question should be built by efforts from all three orders of government and must include the view of a number of stakeholders, from developers to citizens. Cities need to find ways to consolidate and build frameworks for future partnerships across the city region.

With regards to specific ideas, cities must learn from other cities. Any long-term plan should have clear objectives, such as density units that are measurable. Incentives should be offered to encourage higher density development. Across a city region, partnerships should address regional service delivery. The goal is to have communities working together to solve the issues on a larger scale. Developing such a framework and creating the necessary organizational body, is a priority. The federal government could help by funding efforts that help empower local communities to address the issue regionally, promoting more compact development and educating citizens on the impact of their choices. The group wrestled with the provincial role, but felt that asking, "Is this a sustainability issue/one should be considered

Cities in Competition: Workgroup (PM)

Chair: Jason Azmier
Reporter: Joe Mavi

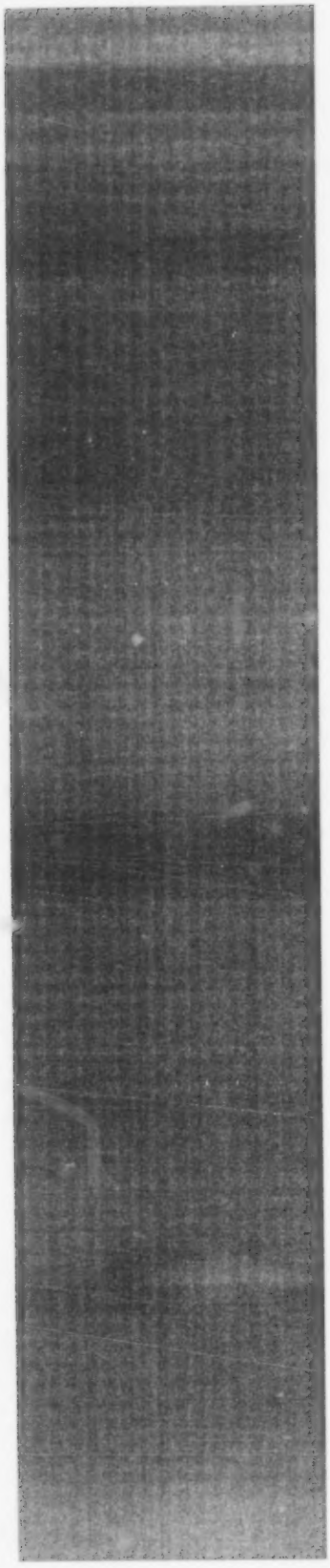
Before answering the questions, the group discussed the challenges cities face in terms of attracting talent. At the top of the list are the available economic opportunities in a city. To attract talent, the local economy must offer a wide variety of fulfilling careers, as well as opportunities for continuous growth in those careers. The group recognized that many challenges in attracting talent revolve around perceptions of the city. In fact, perceptions can be the most significant barrier – cities that are perceived as offering a lack of economic opportunities or a good cross section of job options are not well placed to attract skilled human capital. A perceived lack of respect and tolerance can also work against attracting young talent.

In many ways, policy options need to be geared toward addressing perceptions about a community even if the perception fails to reflect reality. The perceptions held by outsiders and those living in the city are of equal importance, since retaining skilled talent is just as essential as attracting new talent. Specific approaches to attracting human capital need to address internal perceptions. One of the most critical concerns is that a city must not be perceived as a community "going downhill."

The group identified several strategies to attract skilled human capital. First, it was felt that the primary target is the young and educated, particularly individuals in the 18-30 year old range. For these individuals, providing a vibrant and stimulating local culture is key. Second, foreign students and skilled immigrants represent a large and fundamental source of new talent. Policies are needed that address immigration and settlement issues. Accreditation of immigrants with specific skills (such as medical doctors) remains an issue that needs to be addressed. Third, cities should realize that young talent will balance family considerations and the needs and opportunities for spouses before making any decision to locate in a new city. As such, cities must attract not only skilled human capital, but their spouse and children as well. To help in this regard, some cities have instituted "Welcome Back" programs as a way to encourage people to relocate back to their home cities.

To reduce inter-city competition, the group urged a stronger focus on multi-city or joint economic development efforts. Creating stronger linkages and collaborative efforts between cities in the West would reduce the "beggar thy neighbour" mentality. Across the West, there is a growing list of examples where two or more cities are working together to pursue economic development opportunities. One idea to consider is an ongoing regional forum to help stimulate cooperation between cities with regards to economic development.

The Canada West Foundation gratefully acknowledges and appreciates the contributions made by Western Economic Diversification, the Policy Research Initiative, and the City of Winnipeg in support of the MetroWest II conference.



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